

2.1 Inter- and Intra-Departmental Communications—Timing, Content and Quality of Communications

Professional Standard

The business and operational departments should communicate regularly with internal staff and all user departments on their responsibilities for accounting procedures and internal controls. The communication should be written whenever possible; particularly when (1) it affects many staff or user groups; (2) is an issue of high importance; or, (3) when the communication reflects a change in procedures. Procedures manuals are necessary to communicate responsibilities. The departments also should be responsive to user department needs, thus encouraging a free exchange of information between the two (excluding items of a confidential nature).

Progress on Recommendations and Improvement Plan

1. The Business Department held a business in-service training workshop for site administrators and clerical staff in August 2003 on various fiscal requirements, policies and proper procedures. This had not taken place in recent years.
2. In August 2003, the Business Department prepared a Business Services Procedures Manual that was distributed at the in-services. This manual will be updated as necessary and used annually at the in-services held before each new school year begins. Sites and departments now have a resource to detail expectations in the various areas of business and operations.
3. The staff has received additional training on the QSS accounting system from the vendor, especially on the payroll and position control functions.
4. The Director of Fiscal Services has held four workshops for personnel who have fiscal reporting responsibilities on issues such as running budget reports from the system and researching fiscal activity online without running reports. These personnel included secretaries, district-wide program coordinators and some principals and budget managers.
5. Financial reports are sent to various sites and departments monthly to alert them to potential overexpenditures.
6. The Business Department plans to provide a separate workshop for high school administrators and a year-end closing workshop for site administrators and clerical staff before the 2003-04 fiscal year ends.

Standard Implemented: Partially

July 2003 Rating: 2

January 2004 Self-Rating: 6

January 2004 New Rating: 6

Implementation Scale:



3.2 Staff Professional Development—Training Programs for School Site/ Department Staff by Business Staff

Professional Standard

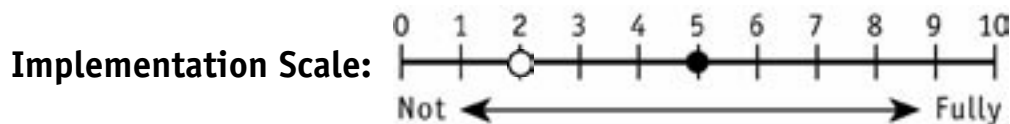
The district should develop and use a professional development plan for the in-service training of school site/department staff by business staff on relevant business procedures and internal controls. The development of the plan should include the input of the business office and the school sites/departments and be updated annually.

Progress on Recommendations and Improvement Plan

1. A Business Services Procedures Manual was developed by the business office with input from the sites under the supervision of the Deputy Superintendent. This document serves as the professional development plan for current and future years.
2. The Business Department held a business in-service training workshop for site administrators and clerical staff in August 2003 on various fiscal requirements, policies and proper procedures contained in the Business Services Procedures Manual. This in-service had not been provided in recent years.
3. The staff has received additional training on the QSS accounting system from the vendor, especially on the payroll and position control functions.
4. The Director of Fiscal Services has held four workshops for personnel on issues such as running budget reports from the system and researching fiscal activity online without running reports. Participants included secretaries, districtwide program coordinators and some principals and budget managers who have fiscal reporting responsibilities. Additional training sessions are planned for later in the year.

Standard Implemented: Partially

July 2003 Rating: 2
January 2004 Self-Rating: 5
January 2004 New Rating: 5



5.7 Budget Development Process (Policy)—Projection of the Net Ending Balance

Professional Standard

The district must have an ability to accurately reflect its net ending balance throughout the budget monitoring process. The first and second interim reports should provide valid updates of the district's net ending balance. The district should have tools and processes that ensure that there is an early warning of any discrepancies between the budget projections and actual revenues or expenditures.

Progress on Recommendations and Improvement Plan

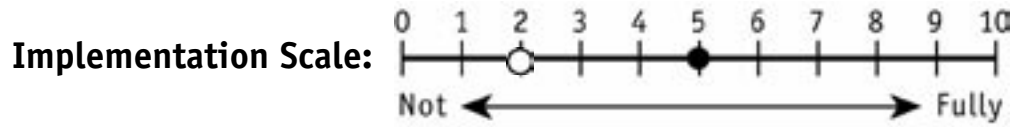
1. Filling the Business Department's Budget Analyst position has helped the department ensure adequate budget review. The analyst is responsible for position control, which governs the largest portion of the district's budget. The Budget Analyst enters all position control changes and works closely with the Human Resources Department and payroll to ensure accuracy.
2. Revenue and expenditure estimates are being monitored and updated more often. The Director of Fiscal Services has a greater role in the process, along with assigned accountants. Data is being reviewed and highlighted before it is sent to the appropriate sites/ departments.
3. Monitoring the budget monthly allows the director to determine whether assigned staff members are performing their tasks adequately.
4. Monthly monitoring helps provide early warning of any discrepancy between the initial budget projections and actual revenues or expenditures at year end. The unaudited ending balance should not vary greatly from the financial interim reports submitted to the board during the fiscal year. This has occurred in the past.
5. The board is receiving more fiscal information than it has in past board meetings. The board is not receiving budget-to-actual summaries monthly as previously recommended, which would assist the board and community in reviewing the district's financial position.
6. The financial system is fully integrated with the position control system, which will improve overall accuracy for projections.
7. The 2002-03 third interim and the 2002-03 unaudited actuals varied greatly from unrestricted and restricted ending balances. This variance was approximately \$7 million. This type of variance is favorable to the district's overall financial position, but it diminishes the reliability of financial statements for future comparison or validation purposes.

Standard Implemented: Partially

July 2003 Rating: 2

January 2004 Self-Rating: 5

January 2004 New Rating: 5



7.2 Budget Adoption, Reporting, and Audits—Budget Revision upon Adoption of State Budget

Legal Standard

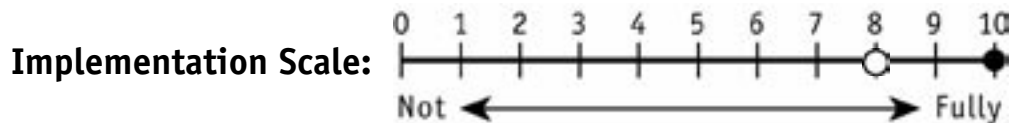
Revisions to expenditures based on the state budget should be considered and adopted by the Governing Board. Not later than 45 days after the Governor signs the annual Budget Act, the district shall make available for public review any revisions in revenues and expenditures that it has made to its budget to reflect funding available by that Budget Act. [EC 42127(2) and 42127(i)(4)]

Progress on Recommendations and Improvement Plan

1. The district submitted an information item to the Governing Board on September 17, 2003, highlighting the officially signed state budget. Because there were no significant or material changes between the state-adopted budget and the district's 2002-2003 budget assumptions, official revision was unnecessary. The district met the 45-day requirement by presenting the information to the board.
2. The district has met the 45-day deadline in previous years.

Standard Implemented: Fully - Substantially

July 2003 Rating: 8
January 2004 Self-Rating: 10
January 2004 New Rating: 10



7.3 Budget Adoption, Reporting, and Audits—AB 1200 Quality Assurance Processes

Professional Standard

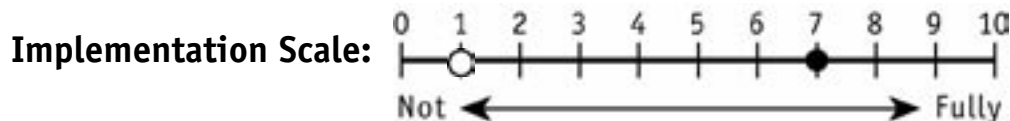
The district should have procedures that provide for the development and submission of a district budget and interim reports that adhere to criteria and standards and are approved by the county office of education.

Progress on Recommendations and Improvement Plan

1. During the last six months, communications between the district and the Alameda County Office of Education (ACOE) have substantially improved. Although the annual budget was submitted in a timely manner, a number of missing documents prompted the ACOE to temporarily suspend its budget review. The documents were immediately forwarded to the county office when requested and the review resumed with little delay.
2. The requested monthly financial reports have been submitted to the county office in a timely manner.
3. The unaudited actuals for 2002-03 were submitted within the required time frame. The conversion to the QSS financial system raised some issues during a review of the budget and the unaudited actuals, but these issues were quickly resolved.
4. The district is communicating with the county office more regularly when a report is going to be submitted late. This ensures that the county knows the district's amended time line and can plan accordingly and/or assist the district, if necessary.
5. The first interim report was submitted to the county office prior to the statutory deadline with all applicable required supplemental information/forms.
6. The board has modified the board meeting calendar so that the second interim report will be board-approved by the statutory deadline rather than after the deadline.

Standard Implemented: Partially

July 2003 Rating: 1
January 2004 Self-Rating: 7
January 2004 New Rating: 7



7.4 Budget Adoption, Reporting, and Audits—Budget Adoption and Reporting: Completion and Filing of Interim Reports

Legal Standard

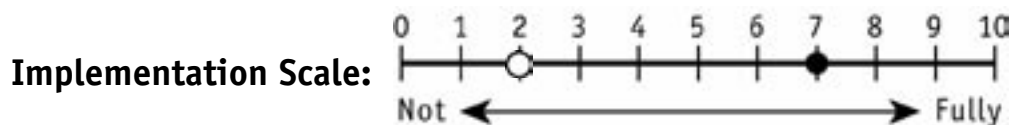
The district should complete and file its interim budget reports within the statutory deadlines established by Education Code Section 42130, et seq.

Progress on Recommendations and Improvement Plan

1. The first interim was submitted to the county office prior to the statutory deadline of December 15, 2003 with all applicable required supplemental information/forms included.
2. The board has modified the board meeting calendar so that the 2003-04 second interim report will be board-approved by the statutory deadline rather than after the deadline.
3. FCMAT, the district and the county office have discussed the timeliness of interim reports. Because the district's board meetings occur on the first and third weeks of each month, it is difficult to submit interim reports for approval before the statutory deadlines. The meeting schedule sometimes shortens the amount of time the staff has to complete the reports by up to two weeks (first interim is due December 15 and second interim is due March 15). The board may not always be able to change the board meeting calendar to address this issue with future meetings. Therefore, the county has agreed to accept the district's submittal as a full submittal if it receives the report with all but the signed certification page before or on the statutory date. The district would then submit the signed certification page the day after the board meeting when it is signed by the board president.

Standard Implemented: Partially

July 2003 Rating: 2
January 2004 Self-Rating: 7
January 2004 New Rating: 7



7.5 Budget Adoption, Reporting, and Audits—Governmental Accounting Standards Statement No. 34—Policy and Procedures

Professional Standard

The district must comply with Governmental Accounting Standard No. 34 (GASB 34) for the period ending June 30, 2003. GASB 34 requires the district to develop policies and procedures and report in the annual financial reports on the modified accrual basis of accounting and the accrual basis of accounting.

Progress on Recommendations and Improvement Plan

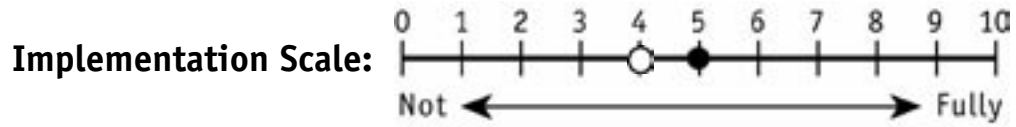
1. The district has developed a capitalization policy of \$5,000 for GASB 34, which the board has reviewed and adopted. No additional procedures regarding GASB 34 have been drafted or adopted.
2. The district hired an outside firm to inventory district assets of more than \$500. Items of more than \$500 are required to be inventoried annually for valuation for the annual audit. According to the district's adopted GASB 34 capitalization policy, items of more than \$5,000 will be inventoried and depreciated over a period of time.
3. During the inventory of district assets, items valued at more than \$500 were electronically tagged. This will allow the district to continue to update its inventory more accurately and efficiently.
4. A training schedule on GASB 34 has not been established for district personnel.
5. School Services of California has been hired to complete the GASB 34 conversion entries.
6. The Deputy Superintendent has begun work on the management discussion and analysis part of GASB 34, which is to be included in the annual independent audit.
7. As recommended by the county and the district's independent auditors, the district has requested an extension of up to 60 days to complete the 2002-03 annual audit so that GASB implementation and conversion can occur.
8. Depreciation of assets will be performed electronically, rather than manually, through the QSS accounting system, which will save the district considerable labor time.

Standard Implemented: Partially

July 2003 Rating: 4

January 2004 Self-Rating: 5

January 2004 New Rating: 5



7.11 Audit Review—Timeliness of Audit and Audit Review

Legal Standard

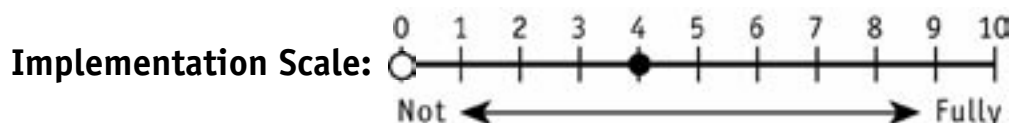
Education Code Section 41020(c) (d) (e) (g) establishes procedures for local agency audit obligations and standards. Pursuant to Education Code Section 41020(h), the district should submit to the county superintendent of schools in the county that the district resides, the State Department of Education, and the State Controller's Office an audit report for the preceding fiscal year. This report must be submitted "no later than December 15."

Progress on Recommendations and Improvement Plan

1. Although the district has established a board policy on audits (policy 3460), the deadlines outlined in statute are not included.
2. The firm that performed the 2001-2002 audit is also performing the 2002-2003 audit. This will provide continuity between the two fiscal years and will allow the district to improve in the many areas that were out of compliance in the 2001-2002 audit.
3. The 2002-03 audit is progressing in a more positive manner. The staff has more information available when requested by the auditor, and the financial records contain fewer material misstatements and errors as in the previous year. There are still delays occurring in cash reconciliations and in correcting outstanding items from January through March 2003, when the district was still preparing its own cash reconciliations. Since April 2003, the county office has been preparing the district's cash reconciliations because the district is no longer fiscally independent.
4. A letter was sent to the State Controller's Office on November 17, 2003 requesting an extension for the 2002-03 audit because of GASB 34 implementation and the related conversion of entries that are required as part of the audit.
5. School Services of California has been hired to complete the GASB 34 conversion entries. These entries are necessary for the 2002-03 annual audit to be completed.
6. The Deputy Superintendent has begun work on the management discussion and analysis part of GASB 34. This analysis must be completed and included as part of the 2002-03 annual audit.

Standard Implemented: Partially

July 2003 Rating: 0
January 2004 Self-Rating: 3
January 2004 New Rating: 4



8.2 Budget Monitoring—Monitoring of Department and Site Budgets

Professional Standard

There should be budget monitoring controls, such as periodic reports, to alert department and site managers of the potential for over expenditure of budgeted amounts. Revenue and expenditures should be forecast and verified monthly.

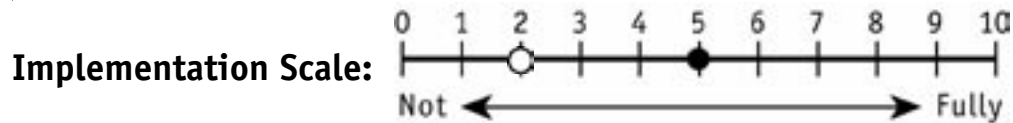
Progress on Recommendations and Improvement Plan

1. Sites and departments receive monthly reports for budget monitoring purposes. Administrators are to review the documents and request revisions or expenditure transfers based on the information. Sites or departments may request a report more frequently.
2. Some sites and departments have begun to run their own reports based on the training provided to them in the 2003-04 fiscal year. All sites have the capability, but not all have chosen to do so.
3. All sites can review specific budget-account status online rather than requesting a report.
4. Upon review of the reports, the site or department can fill out a request for a budget transfer or fill out a journal voucher request to change the way an expenditure had originally been recorded. These are manual processes. Upon receipt of the request in the business office, the assigned Accountant would perform the appropriate entry. If the transfer involved categorical funds however, it is first approved by the state and federal program office to ensure compliance.
5. Accountants in the business office are assigned by resource: unrestricted revenue, local grants, state funding and federal funding. They work with the sites and departments to answer questions or to perform budget or journal entries upon request. The accountants also update revenues if they are provided with documentation, such as a grant letter. The accountants also review the assigned budgets as time permits for potential expenditure or budget issues. At the time of the July 2003 report, accountants were not reviewing their assigned budgets in detail. The district has future plans to eliminate manual paper requests, allowing accountants to correct entries immediately.
6. The Director of Fiscal Services has overall responsibility for budget and general ledger accounts. The director now has time to review budgets at the resource level on a monthly basis and when required reports such as budget adoption, interim reporting and unaudited actuals are due.
7. The district now prepares monthly budget reports at the resource level. A review of those reports shows that the variances between the amounts budgeted, expended and left unencumbered are not large. The variances in salaries and benefits have greatly decreased, but some work still needs to be done in this area. The Senior Budget Analyst reconciles and updates the position control database which should ensure fewer variances in the area of salary and benefits.

8. Overall, the general ledger accounts have been reconciled and corrected, the business staff is more conversant in QSS, and management has higher expectations that staff members will perform the responsibilities of their assigned jobs. New personnel with improved skill sets have been hired, raising the level of service and providing greater accountability throughout the department.
9. At the time of this review, two positions were vacant in the Business Department. With a full staff, service and accountability will increase.

Standard Implemented: Partially

July 2003 Rating: 2
January 2004 Self-Rating: 5
January 2004 New Rating: 5



8.4 Budget Monitoring—Budget Revision Procedures

Professional Standard

Budget revisions are made on a regular basis and occur per established procedures and are approved by the Governing Board.

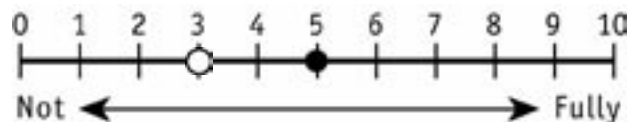
Progress on Recommendations and Improvement Plan

1. The district currently revises its budget during the first, second and third interims, and within 45 days after the adoption of the state budget. Governing Board agendas and minutes show that correct actions were taken to approve these budget revisions at those times.
2. The district submitted additional budget revisions to the board in October 2003 to ensure the first interim report would be more accurate and complete. By doing so, the district also ensured that the board and the community had the most up to date information possible instead of waiting for the first interim to be presented in December.
3. Board policy 3301, Budget Amendments, was last adopted May 1, 1991 and states that individual budget amendments in excess of \$25,000 shall be submitted to the board for approval prior to adopting budget amendments. In addition, the policy states that individual budget amendments of less than \$25,000 shall be ratified by the board at the time of quarterly budget reviews. The policy appears to be outdated and is not followed as written.

Standard Implemented: Partially

July 2003 Rating: 3
January 2004 Self-Rating: 5
January 2004 New Rating: 5

Implementation Scale:



8.5 Budget Monitoring—Position Control

Professional Standard

The district uses an effective position control system, which tracks personnel allocations and expenditures. The position control system effectively establishes checks and balances between personnel decisions and budgeted appropriations.

Progress on Recommendations and Improvement Plan

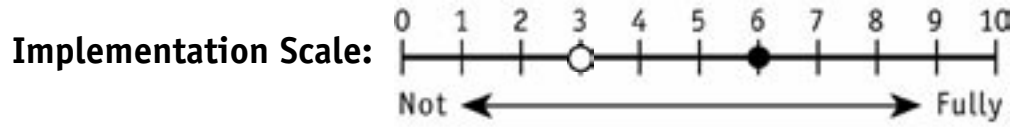
1. A position control system is now in place to track personnel allocations and expenditures.
2. Both the classified and certificated position information that is input into the position control system have been reconciled 100 percent to the budget.
3. Position control includes all district employees, but excludes substitute salaries, extra hire salaries, overtime salaries or any other type of salary that is not related to one of the district's positions. These other types of accounts are part of the encumbering system so deficits are reflected if the budget has been overspent. Assigned accountants and the Director of Fiscal services monitor these accounts to ensure that they are budgeted correctly.
4. Position control currently is not used to drive payroll. The district has indicated that it wants to wait for at least a year to ensure the system is working well before doing so.
5. A Senior Budget Analyst is directly responsible for entering information into the position control system and keeping it up to date.
6. All hiring is now required to be conducted through the Human Resources Department and not through the sites and departments.
7. Adequate separation of duties exists by requiring hiring through the human resources office and by maintaining position control through the business office.
8. Human Resources, payroll and business staffs participate in monthly meetings to deal with common issues and improve communication.
9. Budget reviews in October 2003 indicated salary and benefit accounts with large unencumbered balances in some resources and cost overruns in others. While budgets will never be perfect, variances can be minimized through continual monitoring. Since salary and benefits are the largest percentage of expenditures in the district, it is critical that these budgets are kept up to the date.

Standard Implemented: Partially

July 2003 Rating: 3

January 2004 Self-Rating: 6

January 2004 New Rating: 6



8.7 Budget Monitoring—Site Reports of Revenues and Expenditures Provided

Professional Standard

The district should be monitoring the site reports of revenues and expenditures provided.

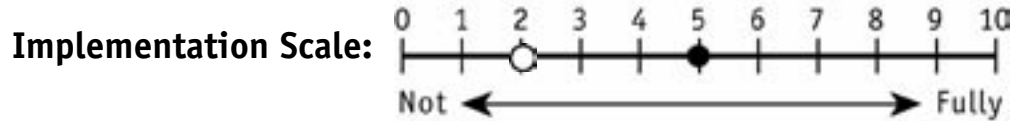
Progress on Recommendations and Improvement Plan

1. Sites and departments receive monthly reports for budget monitoring purposes. Administrators are to review the reports and request budget revisions or expenditure transfers based on that information. Sites or departments may request reports more frequently.
2. Some sites and departments have begun to run their own reports based on the training provided to them in the 2003-04 fiscal year. All sites have the capability, but not all have chosen to do so.
3. All sites can review the status of specific budget accounts online rather than requesting a report.
4. Upon review of the reports, the site or department can fill out a request for a budget transfer or fill out a journal voucher request to change the way an expenditure had originally been recorded. These are manual processes. Upon receipt of the request in the business office, the assigned Accountant would perform the appropriate entry. If the transfer involved categorical funds however, it is first approved by the state and federal program office to ensure compliance.
5. Accountants in the business office are assigned by resource: unrestricted revenue, local grants, state funding and federal funding. They work with the sites and departments to answer questions or to perform budget or journal entries upon request. The accountants also update revenues if they are provided with documentation, such as a grant letter. The accountants also review the assigned budgets as time permits for potential expenditure or budget issues. At the time of the July 2003 report, accountants were not reviewing their assigned budgets in detail. The district has future plans to eliminate manual paper requests, allowing accountants to correct entries immediately.
6. The Director of Fiscal Services has overall responsibility for budget and general ledger accounts. The director now has time to review budgets at the resource level on a monthly basis and when required reports such as budget adoption, interim reporting and unaudited actuals are due.
7. The district now prepares monthly budget reports at the resource level. A review of those reports shows that the variances between the amounts budgeted, expended and left unencumbered are not large. The variances in salaries and benefits have greatly decreased, but some work still needs to be done in this area. The Senior Budget Analyst reconciles and updates the position control database which should ensure fewer variances in the area of salary and benefits.

8. The Director of Fiscal Services has conducted a variety of training sessions for the site and department staffs on how to run, interpret and use budget reports. As site and department administrators become more proficient in budget terminology, less time should be needed at the district level to review budgets.

Standard Implemented: Partially

July 2003 Rating: 2
January 2004 Self-Rating: 5
January 2004 New Rating: 5



10.1 Investments—Investment Policy and Quarterly Approvals

Legal Standard

The Governing Board must review and approve, at a public meeting and on a quarterly basis, the district’s investment policy. [GC 53646]

Progress on Recommendations and Improvement Plan

1. The district has submitted a policy on investments to the Superintendent and the Governing Board for review and approval per Government Code 53646 to ensure that its investments are appropriate and meet district needs.
2. The district continues to provide quarterly reports of its investments to the Superintendent and board upon receipt of information from the county treasurer.
3. The district is attempting to maximize revenues by tracking the time employees spend preparing and providing investment information to the Superintendent and the board, since this is an approved mandated cost claim. Although mandated cost reimbursements are currently not being paid by the State of California, employee time continues to be logged in hopes that future apportionments for mandate reimbursements will occur.

Standard Implemented: Fully - Substantially

July 2003 Rating: 3
 January 2004 Self-Rating: 8
 January 2004 New Rating: 8



11.1 Attendance Accounting—Accuracy of Attendance Accounting System

Professional Standard

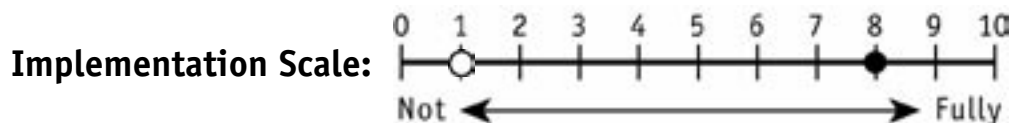
An accurate record of daily enrollment and attendance is maintained at the sites and reconciled monthly.

Progress on Recommendations and Improvement Plan

1. The Manager of Admissions and Attendance developed and implemented a comprehensive training program, and established a calendar listing training dates and due dates for all attendance related activities throughout the year.
2. As of November 7, 2004, four training sessions had been conducted. Excerpts from the CASBO Attendance Training Manual were provided to site personnel along with work flowcharts, and attendance accounting procedures.
3. The Manager of Admissions and Attendance continues to receive training on the SASI attendance system and continues to provide training to the end users so that they remain informed about the system.
4. Principals and office managers have been trained on the system. Principals now know what to look for when signing and approving reports. Site personnel are reconciling enrollment monthly. The new procedures include the requirement to submit current monthly reports and a revised report from the prior month to ensure that corrections are accurately recorded.
5. Each month, detailed enrollment and attendance reports by site are presented and approved by the Governing Board.
6. The Manager of Admissions and Attendance is a cabinet member. Enrollment and attendance discrepancies and/or issues are discussed with cabinet members regularly.

Standard Implemented: Fully - Substantially

July 2003 Rating: 1
January 2004 Self-Rating: 8
January 2004 New Rating: 8



11.7 Attendance Accounting—Systems Training of Site Personnel

Professional Standard

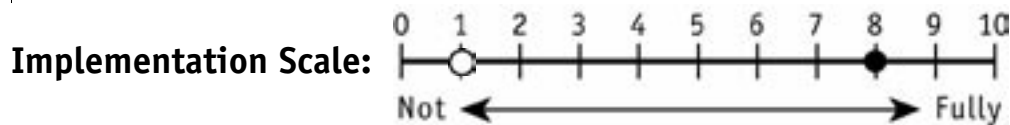
School site personnel should receive periodic and timely training on the district's attendance procedures, system procedures and changes in laws and regulations.

Progress on Recommendations and Improvement Plan

1. Four training sessions on attendance procedures have been provided to school office managers and principals since the beginning of this school year.
2. The district upgraded from the SASI 3 system to SASI Version 5.5 over the summer.
3. Procedural changes have been implemented. School site personnel have received SASI calendars indicating important reporting deadlines, work flowcharts, excerpts from the CASBO Attendance Manual and a district prepared Attendance Accounting Procedures Manual.

Standard Implemented: Fully - Substantially

July 2003 Rating: 1
January 2004 Self-Rating: 8
January 2004 New Rating: 8



12.2 Accounting, Purchasing, and Warehousing—Accounting Procedures: Timely and Accurate Recording of Transactions

Professional Standard

The district should timely and accurately record all information regarding financial activity for all programs (unrestricted and restricted). Generally Accepted Accounting Principles (GAAP) require that in order for financial reporting to serve the needs of the users, it must be reliable and timely. Therefore, the timely and accurate recording of the underlying transactions (revenue and expenditures) is an essential function of the district's financial management.

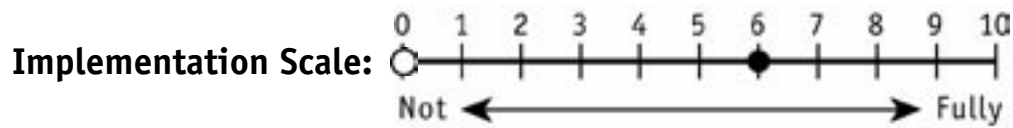
Progress on Recommendations and Improvement Plan

1. The county office began preparing the district's cash reconciliations in April 2003 when the district lost its fiscally independent status.
2. Cash reconciliations from January 2003 to March 2003 were not completed until October 2003, and the correcting entries will not be completed until December 2003.
3. Vendors are being paid more promptly, usually in two to three weeks, but no later than 30 days.
4. Vendor statements are now being reviewed and reconciled when received.
5. Purchase orders continue to take an excessive amount of time because of the forms and budget revisions that must be completed manually if an insufficient amount of funds exists to cover the request when it is entered into the QSS accounting system.
6. Periodic budget reviews indicate that negative or positive budget balances are not as excessive as in prior years.
7. With the exception of the January to March 2003 cash reconciliations, the district now records the majority of financial information and activity in a timely and accurate manner.
8. A monthly review of the budget in 2003-04 shows that various resources have large negative or positive balances in the salary and benefits accounts. These salary and benefits budgets now are being monitored more closely. If these accounts are not accurately maintained, resources can easily be overspent or underspent, affecting the accuracy of the projected ending balance.
9. Sites and departments can view and run financial information reports online, but many sites and departments are not doing so. Instead, they wait for the business office to send budget reports directly to them.

10. State mandated reports are being turned in to the county office in a more timely fashion:
- The 2003-04 adopted budget was submitted on time.
 - A portion of the unaudited actuals was submitted on time to the county office, but all supplemental forms which did not meet the state criteria and standards were not included with that submission.
 - The 2003-04 first interim report was submitted on time.

Standard Implemented: Partially

July 2003 Rating: 0
January 2004 Self-Rating: 6
January 2004 New Rating: 6



12.3 Accounting, Purchasing, and Warehousing—Accounting Procedures: Cash

Professional Standard

The district should forecast its revenue and expenditures and verify those projections on a monthly basis in order adequately to manage its cash. In addition, the district should reconcile its cash to bank statements and reports from the county treasurer on a monthly basis. Standard accounting practice dictates that, in order to ensure that all cash receipts are deposited timely and recorded properly, cash be reconciled to bank statements on a monthly basis.

Progress on Recommendations and Improvement Plan

1. Cash reconciliations from January 2003 to March 2003 were not completed until October 2003, and the correcting entries will not be completed until December 2003. During that time period, all cash transactions were recorded to the general fund. If the transaction did not actually belong in the general fund, the district must transfer deposits and expenditures to the correct fund. Internal controls may be breached when the district does not correct and reconcile the information as soon as it is received. When reconciliations are not performed in a timely manner, the district's cash position is distorted.
2. The county office has prepared the district's cash reconciliations since April 2003 when the district lost its fiscally independent status. The county office requested that the Treasurer no longer record all transactions to the general fund, but rather to the fund in which the transaction occurred.
3. The daily mail is opened by a district Clerk not in dual custody. The mail is sorted for various departments and employees. Except for delivery to the Director of Fiscal Services and the Deputy Superintendent of Business and Operations, the Clerk that opens the mail does not deliver the mail to individual desks but puts mail in each employee's slot in the mail machine area. Each employee checks the mail slot at various times with no set schedule. Checks are not always logged when the mail is opened by the Clerk due to the volume of checks received.

A serious internal control weakness exists when the mail is not opened in dual custody. The district should have all checks logged in at the time the mail is opened. Without extra controls in place for this type of activity, fraud could occur. This is a remaining task the district must address to satisfy internal control issues.

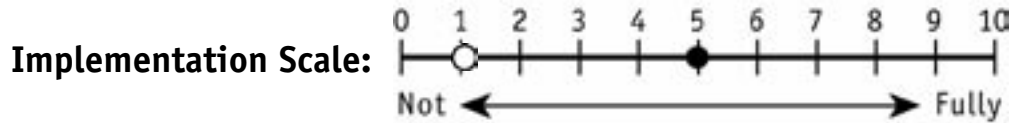
4. The checks are given to the Senior Accountant in the Business Department, who processes deposits at least once a week. The checks are locked in the safe box until a different Senior Accountant or Accountant processes them, which occurs once a week. The Senior Accountant preparing the checks for deposit does not have access to the safe, so internal control issues have been resolved.

Copies of checks are made unless a site or other department has already done so. The checks are then entered into the QSS financial accounting system by the same Senior Accountant, which creates a batch-pending processing. A cash receipt report is printed from QSS and reconciled to the batch totals and itemized receipts. The batch, including all the

backups, is audited by the Director of Fiscal Services. If all is correct when audited, the batch is ready for approval in the QSS system. A county deposit form is then prepared by the Senior Accountant and sent to the county.

Standard Implemented: Partially

July 2003 Rating: 1
January 2004 Self-Rating: 5
January 2004 New Rating: 5



13.1 Student Body Funds—Management of Student Body Funds

Legal Standard

The Governing Board adopts policies and procedures to ensure compliance regarding how student body organizations deposit, invest, spend, raise, and audit student body funds. [EC 48930-48938]

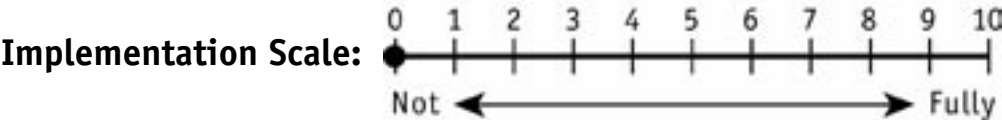
Progress on Recommendations and Improvement Plan

- 1. There has been no progress in addressing this standard.

- 2. Many board policies have been revised in the past year, but none relate to the management or oversight of student body funds. There was no policy available for review in the original board policy book provided by the district staff. The revised policy number list indicates that a new policy will be developed in the future to cover money held at school sites including petty cash and student funds.

Standard Implemented: Not Implemented

July 2003 Rating: 0
January 2004 Self-Rating: 0
January 2004 New Rating: 0



15.2 Long-Term Debt Obligations—Policies Regarding Unsecured Debt

Professional Standard

When authorized, the district should only use non-voter approved, long-term financing such as certificates of participation (COPS), revenue bonds, and lease-purchase agreements (capital leases) to address capital needs, and not operations. Further, the general fund should be used to finance current school operations, and in general should not be used to pay for these types of long-term commitments.

Progress on Recommendations and Improvement Plan

- 1. The district reports long-term debt of governmental funds at face value in the General Long Term Debt Account Group.
 - a. The tax override fund is used to account for the accumulation of resources from ad valorem tax levies for the repayment of state school building fund apportionments. These taxes will continue to be levied until the debt is fully paid.
 - b. The general obligation bond interest and redemption fund is used to account for the accumulation of resources for, and the repayment of, district bonds, interest and related costs.

- 2. The District does not have any non-voter approved long term debt at this time. In past years, the district has issued a TRANS for cash flow issues, but one was not requested in the present year. District administration is aware that funds of this type should only be used to address capital needs and not operations.

Standard Implemented: Fully - Substantially

July 2003 Rating: 3
 January 2004 Self- Rating: 8
 January 2004 New Rating 8

Standard Implemented: Fully - Substantially



17.8 Management Information Systems-Staff Development

Professional Standard

Administrative system users should be adequately trained in the use of administrative systems and should receive periodic training updates to ensure that they remain aware of system changes and capabilities.

Progress on Recommendations and Improvement Plan

1. The district has successfully started QSS training in a PC-based lab at the technology center. Two one-day training sessions were completed for office staff and administrative staff including principals. A make-up day is scheduled and more training sessions are planned for later this year.
2. User feedback is positive especially among principals who now understand how to run reports for budgeting purposes.

Standard Implemented: Partially

July 2003 Rating: 3
January 2004 Self-Rating: None provided
January 2004 New Rating: 7



17.9 Management Information Systems-Business Office Technology

Professional Standard

Business office computers, computer screens, operating systems, and software applications used for administrative system access should be kept up to date.

Progress on Recommendations and Improvement Plan

1. The district has installed 73 Dell model 270T computers and nine Dell Latitude D800 laptops for office employees. This project was completed September 18, 2003, and 99 percent of office computers were replaced.
2. One percent of the office computers meet minimum standards and will be replaced in the next group of upgrades. User feedback is positive.

Standard Implemented: Fully - Substantially

July 2003 Rating: 2
January 2004 Self-Rating: None provided
January 2004 New Rating: 9

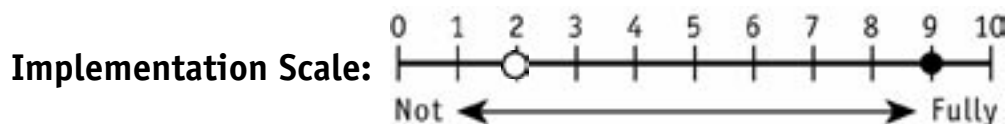


Chart of Financial Management Standards

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Progress Ratings Toward Implementation of the Improvement Plan

Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	Focus for July 2004
1.1	Integrity and ethical behavior are the product of the district's ethical and behavioral standards, how they are communicated, and how they are reinforced in practice. All management-level personnel should exhibit high integrity and ethical values in carrying out their responsibilities and directing the work of others. [State Audit Standard (SAS) 55, SAS-78]	3	NR	
1.2	The district should have an audit committee to: (1) help prevent internal controls from being overridden by management; (2) help ensure ongoing state and federal compliance; (3) provide assurance to management that the internal control system is sound; and, (4) help identify and correct inefficient processes. [SAS-55, SAS-78]	0	NR	
1.3	The attitude of the Governing Board and key administrators has a significant effect on an organization's internal control. An appropriate attitude should balance the programmatic and staff needs with fiscal realities in a manner that is neither too optimistic nor too pessimistic. [SAS-55, SAS-78]	7	NR	
1.4	The organizational structure should clearly identify key areas of authority and responsibility. Reporting lines should be clearly identified and logical within each area. [SAS-55, SAS-78]	3	NR	
1.5	Management should have the ability to evaluate job requirements and match the requirements to the employee's skills. [SAS-55, SAS-78]	2	NR	
1.6	The district should have procedures for recruiting capable financial management and staff and hiring competent people. [SAS-55, SAS-78]	6	NR	
1.7	All employees should be evaluated on performance at least annually by a management-level employee knowledgeable about their work product. The evaluation criteria should be clearly communicated and, to the extent possible, measurable. The evaluation should include a follow-up on prior performance issues and establish goals to improve future performance.	3	NR	<input type="checkbox"/>

Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	Focus for July 2004
1.8	The responsibility for reliable financial reporting resides first and foremost at the district level. Top management sets the tone and establishes the environment. Therefore, appropriate measures must be implemented to discourage and detect fraud (SAS 82; Treadway Commission).	0	NR	
2.1	The business and operational departments should communicate regularly with internal staff and all user departments on their responsibilities for accounting procedures and internal controls. The communications should be written whenever possible, particularly when it (1) affects many staff or user groups, (2) is an issue of high importance, or (3) when the communication reflects a change in procedures. Procedures manuals are necessary to the communication of responsibilities. The departments also should be responsive to user department needs, thus encouraging a free exchange of information between the two (excluding items of a confidential nature).	2	6	
2.2	The financial departments should communicate regularly with the Governing Board and community on the status of district finances and the financial impact of proposed expenditure decisions. The communications should be written whenever possible, particularly when it affects many community members, is an issue of high importance to the district and board, or reflects a change in policies.	3	NR	
2.3	The Governing Board should be engaged in understanding globally the fiscal status of the district, both current and as projected. The Governing board should prioritize district fiscal issues among the top discussion items.	1	NR	
2.4	The district should have formal policies and procedures that provide a mechanism for individuals to report illegal acts, establish to whom illegal acts should be reported, and provide a formal investigative process.	0	NR	<input type="checkbox"/>

Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	Focus for July 2004
3.1	Develop and use a professional development plan, i.e., training business staff. The development of the plan should include the input of business office supervisors and managers. The staff development plan should at a minimum identify appropriate programs office-wide. At best, each individual staff and management employee should have a plan designed to meet their individual professional development needs.	1	NR	
3.2	Develop and use a professional development plan for the in-service training of school site/department staff by business staff on relevant business procedures and internal controls. The development of the plan should include the input of the business office and the school sites/departments and be updated annually.	2	5	
4.1	The Governing Board should adopt policies establishing an internal audit function that reports directly to the Superintendent/State Administrator and the audit committee or Governing Board.	1	NR	
4.2	Internal audit functions should be designed into the organizational structure of the district. These functions should include periodic internal audits of areas at high risk for non-compliance with laws and regulations and/or at high risk for monetary loss.	0	NR	
4.3	Qualified staff should be assigned to conduct internal audits and be supervised by an independent body, such as an audit committee.	1	NR	
4.4	Internal audit findings should be reported on a timely basis to the audit committee, governing board and administration, as appropriate. Management should then take timely action to follow up and resolve audit findings.	1	NR	

Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	Focus for July 2004
5.1	The budget development process requires a policy-oriented focus by the Governing Board to develop an expenditure plan that fulfills the district's goals and objectives. The Governing Board should focus on expenditure standards and formulas that meet the district goals. The Governing Board should avoid specific line-item focus, but direct staff to design an entire expenditure plan focusing on student and district needs.	1	NR	
5.2	The budget development process includes input from staff, administrators, board and community.	5	NR	
5.3	Policies and regulations exist regarding budget development and monitoring.	3	NR	
5.4	The district should have a clear process to analyze resources and allocations to ensure that they are aligned with strategic planning objectives and that the budget reflects district priorities.	1	NR	
5.5	The district should have policies to facilitate development of a budget that is understandable, meaningful, reflective of district priorities, and balanced in terms of revenues and expenditures.	2	NR	
5.6	Categorical funds are an integral part of the budget process and should be integrated into the entire budget development. The revenues and expenditures for categorical programs must be reviewed and evaluated in the same manner as unrestricted General Fund revenues and expenditures. Categorical program development should be integrated with the district's goals and should be used to respond to district student needs that cannot be met by unrestricted expenditures. The superintendent, superintendent's cabinet and fiscal office should establish procedures to ensure that categorical funds are expended effectively to meet district goals. Carry-over and unearned income of categorical programs should be monitored and evaluated in the same manner as General Fund unrestricted expenditures.	8	NR	

Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	Focus for July 2004
5.7	The district must have an ability to accurately reflect its net ending balance throughout the budget monitoring process. The first and second interim reports should provide valid updates of the district's net ending balance. The district should have tools and processes that ensure that there is an early warning of any discrepancies between the budget projections and actual revenues or expenditures.	2	5	<input type="checkbox"/>
6.1	The budget office should have a technical process to build the preliminary budget amounts that includes: the forecast of revenues, the verification and projection of expenditures, the identification of known carryovers and accruals and the inclusion of concluded expenditure plans. The process should clearly identify one-time sources and uses of funds. Reasonable ADA and COLA estimates should be used when planning and budgeting. This process should be applied to all funds.	3	NR	<input type="checkbox"/>
6.2	An adopted budget calendar exists that meets legal and management requirements. At a minimum the calendar should identify statutory due dates and major budget development activities.	9	NR	
6.3	Standardized budget worksheets should be used in order to communicate budget requests, budget allocations, formulas applied and guidelines.	3	NR	
7.1	The district should adopt its annual budget within the statutory time lines established by Education Code Section 42103, which requires that on or before July 1, the governing board shall hold a public hearing on the budget to be adopted for the subsequent fiscal year. Not later than five days after that adoption or by July 1, whichever occurs first, the governing board shall file that budget with the county superintendent of schools. [EC 42127(a)]	2	NR	<input type="checkbox"/>

Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	Focus for July 2004
7.2	Revisions to expenditures based on the State Budget should be considered and adopted by the governing board. Not later than 45 days after the governor signs the annual Budget Act, the district shall make available for public review any revisions in revenues and expenditures that it has made to its budget to reflect funding available by that Budget Act. [EC 42127(2) and 42127(i)(4)]	8	10	<input type="checkbox"/>
7.3	The district should have procedures that provide for the development and submission of a district budget and interim reports that adhere to criteria and standards and are approved by the county office of education.	1	7	
7.4	The district should complete and file its interim budget reports within the statutory deadlines established by Education Code Section 42130, et. seq.	2	7	
7.5	The district must comply with Governmental Accounting Standard No. 34 (GASB 34) for the period ending June 30, 2003. GASB 34 requires the district to develop policies and procedures and report in the annual financial reports on the modified accrual basis of accounting and the accrual basis of accounting.	4	5	<input type="checkbox"/>
7.6	The first and second interim reports should show an accurate projection of the ending fund balance. Material differences should be presented to the board of education with detailed explanations.	1	NR	<input type="checkbox"/>
7.7	The district should arrange for an annual audit (single audit) within the deadlines established by Education Code section 41020.	0	NR	
7.8	Standard management practice dictates the use of an audit committee.	0	NR	<input type="checkbox"/>
7.9	The district should include in its audit report, but not later than March 15, a corrective action for all findings disclosed as required by Education Code Section 41020.	0	NR	

Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	Focus for July 2004
7.10	The district must file certain documents/reports with the state as follows: J-200 series - (Education Code Section 42100); J-380 series - CDE procedures; Interim financial reports - (Education Code Section 42130); J-141 transportation report (Title V, article 5, Section 15270).	2	NR	
7.11	Education Code Section 41020(c) (d) (e) (g) establishes procedures for local agency audit obligations and standards. Pursuant to Education Code Section 41020(h), the district should submit to the county superintendent of schools in the county that the district resides, the State Department of Education, and the State Controller's Office an audit report for the preceding fiscal year. This report must be submitted "no later than December 15."	0	4	
8.1	All purchase orders are properly encumbered against the budget until payment.	2	NR	<input type="checkbox"/>
8.2	There should be budget monitoring controls, such as periodic reports, to alert department and site managers of the potential for overexpenditure of budgeted amounts. Revenue and expenditures should be forecast and verified monthly.	2	5	
8.3	The routine restricted maintenance account should be analyzed routinely to ensure that income has been properly claimed and expenditures within the guidelines provided by the State Department of Education. The district budget should include specific budget information to reflect the expenditures against the routine maintenance account.	9	NR	
8.4	Budget revisions are made on a regular basis and occur per established procedures and are approved by the board of education.	3	5	<input type="checkbox"/>
8.5	The district uses an effective position control system, which tracks personnel allocations and expenditures. The position control system effectively establishes checks and balances between personnel decisions and budgeted appropriations.	3	6	<input type="checkbox"/>

Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	Focus for July 2004
8.6	The district should monitor both the revenue limit calculation and the special education calculation at least quarterly to adjust for any differences between the financial assumptions used in the initial calculations and the final actuals as they are known.	6	NR	
8.7	The district should be monitoring the site reports of revenues and expenditures provided.	2	5	
9.1	The district budget should be a clear manifestation of district policies and should be presented in a manner that facilitates communication of those policies.	1	NR	
9.2	The district should clearly identify one-time source and use of funds.	1	NR	<input type="checkbox"/>
10.1	The governing board must review and approve, at a public meeting and on a quarterly basis, the district's investment policy. [GC 53646]	3	8	
11.1	An accurate record of daily enrollment and attendance is maintained at the sites and reconciled monthly.	1	8	
11.2	Policies and regulations exist for independent study, home study, inter/intradistrict agreements and districts of choice, and should address fiscal impact.	1	NR	
11.3	Students should be enrolled by staff and entered into the attendance system in an efficient, accurate and timely manner.	5	NR	
11.4	At least annually, the school district should verify that each school bell schedule meets instructional time requirements for minimum day, year and annual minute requirements.	7	NR	
11.5	Procedures should be in place to ensure that attendance accounting and reporting requirements are met for alternative programs such as ROC/P and adult education.	9	NR	
11.6	The district should have standardized and mandatory programs to improve the attendance rate of pupils. Absences should be aggressively followed-up by district staff.	4	NR	

Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	Focus for July 2004
11.7	School site personnel should receive periodic and timely training on the district's attendance procedures, system procedures and changes in laws and regulations.	1	8	
11.8	Attendance records shall not be destroyed until after the third July 1 succeeding the completion of the audit. (Title V, CCR, Section 16026)	7	NR	
11.9	The district should make appropriate use of short-term independent study and Saturday school programs as alternative methods for pupils to keep current on classroom course work.	1	NR	
12.1	The district should adhere to the California School Accounting Manual (CSAM) and Generally Accepted Accounting Principles (GAAP) as required by Education Code Section 41010. Furthermore, adherence to CSAM and GAAP helps to ensure that transactions are accurately recorded and financial statements are fairly presented.	8	NR	
12.2	The district should timely and accurately record all information regarding financial activity (unrestricted and restricted) for all programs. Generally Accepted Accounting Principles (GAAP) require that in order for financial reporting to serve the needs of the users, it must be reliable and timely. Therefore, the timely and accurate recording of the underlying transactions (revenue and expenditures) is an essential function of the district's financial management.	0	6	
12.3	The district should forecast its revenue and expenditures and verify those projections on a monthly basis in order to adequately manage its cash. In addition, the district should reconcile its cash to bank statements and reports from the county treasurer reports on a monthly basis. Standard accounting practice dictates that, in order to ensure that all cash receipts are deposited timely and recorded properly, cash be reconciled to bank statements on a monthly basis.	1	5	<input type="checkbox"/>

Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	Focus for July 2004
12.4	The district's payroll procedures should be in compliance with the requirements established by the County Office of Education, unless fiscally independent. (Education Code Section 42646) Standard accounting practice dictates that the district implement procedures to ensure the timely and accurate processing of payroll.	2	NR	
12.5	Standard accounting practice dictates that the accounting work should be properly supervised and work reviewed in order to ensure that transactions are recorded timely and accurately, and allow the preparation of periodic financial statements.	1	NR	
12.6	Federal and state categorical programs, either through specific program requirements or through general cost principles such as OMB Circular A-87, require that entities receiving such funds must have an adequate system to account for those revenues and related expenditures.	6	NR	
12.7	Generally accepted accounting practices dictate that, in order to ensure accurate recording of transactions, the district should have standard procedures for closing its books at fiscal year-end. The district's year-end closing procedures should comply with the procedures and requirements established by the county office of education.	1	NR	
12.8	The district should comply with the bidding requirements of Public Contract Code Section 20111. Standard accounting practice dictates that the district have adequate purchasing and warehousing procedures to ensure that only properly authorized purchases are made, that authorized purchases are made consistent with district policies and management direction, that inventories are safeguarded, and that purchases and inventories are timely and accurately recorded.	4	NR	<input type="checkbox"/>

Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	Focus for July 2004
12.9	The district has documented procedures for the receipt, expenditure and monitoring of all construction-related activities. Included in the procedures are specific requirements for the approval and payment of all construction-related expenditures.	5	NR	<input type="checkbox"/>
12.10	The accounting system should have an appropriate level of controls to prevent and detect errors and irregularities.	2	NR	
13.1	The Governing Board adopts policies and procedures to ensure compliance regarding how student body organizations deposit, invest, spend, raise and audit student body funds. [EC 48930-48938]	0	0	
13.2	Proper supervision of all student body funds shall be provided by the board. [EC 48937] This supervision includes establishing responsibilities for managing and overseeing the activities and funds of student organizations, including providing procedures for the proper handling, recording and reporting of revenues and expenditures.	1	NR	
13.3	In order to provide for oversight and control, the California Department of Education recommends that periodic financial reports be prepared by sites, and then summarized by the district office.	1	NR	
13.4	In order to provide adequate oversight of student funds and to ensure the proper handling and reporting, the California Department of Education recommends that internal audits be performed. Such audits should review the operation of student body funds at both district and site levels.	1	NR	
13.5	In order to provide adequate oversight of student funds and to ensure proper handling and reporting, the California Department of Education recommends that internal audits be performed. Such audits should review the operation of student body funds at both district and site levels.	1	NR	
14.1	A reliable computer program that provides reliable multiyear financial projections is used.	7	NR	<input type="checkbox"/>

Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	Focus for July 2004
14.2	The district annually provides a multiyear revenue and expenditure projection for all funds of the district. Projected fund balance reserves should be disclosed. The assumptions for revenues and expenditures should be reasonable and supportable. [EC 42131]	5	NR	<input type="checkbox"/>
14.3	Multiyear financial projections should be prepared for use in the decision-making process, especially whenever a significant multiyear expenditure commitment is contemplated. [EC 42142]	8	NR	
15.1	The district should comply with public disclosure laws of fiscal obligations related to health and welfare benefits for retirees, self-insured Workers Compensation, and collective bargaining agreements. [GC 3540.2, 3547.5, EC 42142]	3	NR	<input type="checkbox"/>
15.2	When authorized, the district should only use non-voter approved, long-term financing such as certificates of participation (COPS), revenue bonds, and lease-purchase agreements (capital leases) to address capital needs, and not operations. Further, the general fund should be used to finance current school operations, and in general should not be used to pay for these types of long-term commitments.	3	8	
15.3	For long-term liabilities/debt service, the district should prepare debt service schedules and identify the dedicated funding sources to make those debt service payments. The district should project cash receipts from the dedicated revenue sources to ensure that it will have sufficient funds to make periodic debt payments. The cash flow projections should be monitored on an ongoing basis to ensure that any variances from projected cash flows are identified as early as possible, in order to allow the district sufficient time to take appropriate measures or identify alternative funding sources.	2	NR	

Financial Management

Standard to be addressed	July 2003 rating	January 2004 rating	Focus for July 2004
<p>16.1 The Governing Board must ensure that any guideline they develop for collective bargaining is fiscally aligned with the instructional and fiscal goals on a multiyear basis. The superintendent must ensure that the district has a formal process where collective bargaining multiyear costs are identified to the governing board and those expenditure changes are identified and implemented as necessary prior to any imposition of new collective bargaining obligations. The governing board must ensure that there is a validation of the costs and the projected district revenues and expenditures on a multiyear basis so that the fiscal issues faced by the district are not strained further due to bargaining settlements. The public should be informed about budget reductions that will be required for a bargaining agreement prior to any contract acceptance by the governing board. The public should be given advance notice of the provisions of the final proposed bargaining settlement and be given an opportunity to comment.</p>	2	NR	
<p>16.2 The Governing Board must ensure that any guideline developed for collective bargaining is fiscally aligned with the instructional and fiscal goals on a multi-year basis. The Superintendent must ensure that the district has a formal process in which collective bargaining multi-year costs are identified for the Governing Board, and those expenditure changes are identified and implemented as necessary prior to any imposition of new collective bargaining obligations. The Governing Board should ensure that costs and projected district revenues and expenditures are validated on a multi-year basis so that the fiscal issues faced by the district are not worsened by bargaining settlements. The public should be informed about budget reductions that will be required for a bargaining agreement prior to any contract acceptance by the Governing Board. The public should be notified of the provisions of the final proposed bargaining settlement and provided with an opportunity to comment.</p>	2	NR	

Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	Focus for July 2004
17.1	There should be a process in place for fiscal input and planning of the district technology plan. The goals and objectives of the technology plan should be clearly defined. The plan should include both the administrative and instructional technology systems. There should be a summary of the costs of each objective, and a financing plan should be in place.	5	NR	
17.2	Management information systems must support users with information that is relevant, timely, and accurate. Needs assessments must be performed to ensure that users are involved in the definition of needs, development of system specifications, and selection of appropriate systems. Additionally, district standards must be imposed to ensure the maintainability, compatibility, and supportability of the various systems. The district must also ensure that all systems are compliant with the new Standardized Account Code Structure (SACS), year 2000 requirements, and are compatible with county systems with which they must interface.	4	NR	
17.3	Automated systems should be used to improve accuracy, timeliness, and efficiency of financial and reporting systems. Needs assessments should be performed to determine what systems are candidates for automation, whether standard hardware and software systems are available to meet the need, and whether or not the district would benefit. Automated financial systems should provide accurate, timely, relevant information and should conform to all accounting standards. The systems should also be designed to serve all of the various users inside and outside the district. Employees should receive appropriate training and supervision in the operation of the systems. Appropriate internal controls should be instituted and reviewed periodically.	4	NR	

Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	Focus for July 2004
17.4	Cost/benefit analyses provide an important basis upon which to determine which systems should be automated, which systems best meet defined needs, and whether internally generated savings can provide funding for the proposed system. Cost/benefit analyses should be complete, accurate, and include all relevant factors.	5	NR	
17.5	Selection of information systems technology should conform to legal procedures specified in the Public Contract Code. Additionally, there should be a process to ensure that needs analyses, cost/benefit analyses, and financing plans are in place prior to commitment of resources. The process should facilitate involvement by users, as well as information services staff, to ensure that training and support needs and costs are considered in the acquisition process.	9	NR	
17.6	Major technology systems should be supported by implementation and training plans. The cost of implementation and training should be included with other support costs in the cost/benefit analyses and financing plans supporting the acquisition.	4	NR	
17.7	Food service software should permit point-of-sale transaction processing for maximum efficiency.	3	NR	
17.8	Administrative system users should be adequately trained in the use of administrative systems and should receive periodic training updates to ensure that they remain aware of system changes and capabilities.	3	7	
17.9	Business office computers, computer screens, operating systems, and software applications used for administrative system access should be kept up to date.	2	9	
18.1	The district has a comprehensive risk-management program. The district should have a program that monitors the various aspects of risk management including workers compensation, property and liability insurance, and maintains the financial well being of the district.	2	NR	

NR - Not Reviewed

☐ - Targeted for Review

Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	Focus for July 2004
18.2	The district should have a work order system that tracks all maintenance requests, the worker assigned, dates of completion, labor time spent and the cost of materials.	6	NR	
18.3	The district should control the use of facilities and charge fees for usage in accordance with district policy.	4	NR	<input type="checkbox"/>
18.4	The Maintenance Department should follow standard district purchasing protocols. Open purchase orders may be used if controlled by limiting the employees authorized to make the purchase and the amount.	5	NR	
18.5	Materials and equipment/tools inventory should be safeguarded from loss through appropriate physical and accounting controls.	6	NR	
18.6	District-owned vehicles should be used only for district purposes. Fuel should be inventoried and controlled as to use.	4	NR	
18.7	Vending machine operations are subject to policies and regulations set by the State Board of Education. All contracts specifying these should reflect these policies and regulations. An adequate system of inventory control should also exist. [EC 48931]	5	NR	
18.8	Capital equipment and furniture should be tagged as district-owned property and inventoried at least annually.	3	NR	
18.9	The district should adhere to bid and force account requirements found in the Public Contract Code (Sections 20111 and 20114). These requirements include formal bids for materials, equipment and maintenance projects that exceed \$50,000; capital projects of \$15,000 or more; and labor when the job exceeds 750 hours or the materials exceed \$21,000.	8	NR	

Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	Focus for July 2004
19.1	In order to accurately record transactions and to ensure the accuracy of financial statements for the cafeteria fund in accordance with generally accepted accounting principles, the district should have adequate purchasing and warehousing procedures to ensure that: 1. Only properly authorized purchases are made consistent with district policies, federal guidelines, and management direction. 2. Adequate physical security measures are in place to prevent the loss/theft of food inventories. 3. Revenues, expenditures, inventories, and cash are recorded timely and accurately.	3	NR	
19.2	The district should operate the food service programs in accordance with applicable laws and regulations.	3	NR	
20.1	In the process of reviewing and approving charter schools, the district should identify/establish minimal financial management and reporting standards that the charter school will follow. These standards/procedures will provide some level of assurance that finances will be managed appropriately, and allow the district to monitor the charter. The district should monitor the financial management and performance of the charter schools on an ongoing basis, in order to ensure that the resources are appropriately managed.	0	NR	
21.1	The district should have procedures that provide for the appropriate oversight and management of mandated cost claim reimbursement filing. Appropriate procedures would cover: the identification of changes to existing mandates; training staff regarding the appropriate collection and submission of data to support the filing of mandated costs claims; forms, formats, and time lines for reporting mandated cost information; and, review of data and preparation of the actual claims.	3	NR	

Financial Management

Standard to be addressed		July 2003 rating	January 2004 rating	Focus for July 2004
22.1	The district should actively take measures to contain the cost of special education services while still providing an appropriate level of quality instructional and pupil services to special education pupils.	2	NR	